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*Micronesia in Review: Issues and Events, 1 July 1995 to 30 June 1996*

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Reviews of Federated States of Micronesia and Nauru are not included in this issue.

#### BELAU

Continued expansion of external relations and additional membership in world bodies, preparations for the 1996 national elections, foreign investment tangles, and compact of free association developments were the major events in Belau during 1995–96.

Since independence in October 1994, the republic has convened the first leadership summit of the heads of government of the three freely associated states and has established diplomatic relations with thirteen countries. During the period under review, President Nakamura accepted the credentials of ambassadors to Belau from Japan, Australia, Israel, Sweden, and India. Belau became the one-hundred-eighty-fifth member of the United Nations in late 1994, and the sixteenth and newest member of the South Pacific Forum. President Nakamura addressed the Forum membership and joined all members in releasing a resolution condemning French nuclear testing in its island territory and demanding an end to such activity.

Just after Belau's second Independence Day celebration, President Nakamura participated in the fiftieth anniversary celebration of the United Nations at its headquarters in New York. Belau also gained full membership of the Economic and Social Commission of Asia and the Pacific as the group's fiftieth member. The president

made a state visit to Japan, where he met with Emperor Akihito, Prime Minister Hashimoto, and Foreign Minister Ikeda, with whom he concluded agreements on a \$25 million grant-in-aid project to complete the electrification of Babeldaob Island. At the Imperial Palace, Emperor Akihito took the unusual step of coming outdoors to personally receive Belau's president. He has done so only once previously, when President Fujimori of Peru visited. These sons of Japan who have become heads of state are of special importance to Japan's emperor.

In May, Nakamura was one of only nine heads of state who attended the inauguration of President Lee Ten-hui of the Republic of China. Taiwan will likely court Belau's support in future political and economic initiatives.

Setting the stage for the 1996 national elections, the Palau Nationalist Party (PNP) received its charter in early July 1995 as Belau's first political party since the demise of the Progressive and Liberal parties some ten years ago. Two key founders of the new party were 1992 presidential candidate Johnson Toribiong and Polycarp Basilius, former Congress of Micronesia member and successful businessman. The party held a successful convention in late February 1996 and elected Toribiong and Kyoni Isechal as its presidential and vice presidential candidates. This is the first time since general elections began in Belau in 1980 that a presidential-vice presidential ticket has been publicly announced.

Prior to the PNP convention, President Nakamura had announced his candidacy for reelection and established his campaign headquarters in the center of Koror at the same location used for his successful 1992 bid. Ibedul Yutaka Gibbons also announced his candidacy for the presidency, making it a three-candidate race and requiring a primary to whittle the field down to two. Vice President Tommy Remengesau Jr publicly announced his candidacy in early February. The incumbents will undoubtedly have an edge, given their records and achievements after nearly four years in office. On the other hand, the consolidation of political forces in the Palau Nationalist Party will provide some political clout for the Toribiong-Isechal ticket that it would not otherwise have.

Large private investments have come mainly from Japan, which has also provided millions of dollars in grant-in-aid programs to Belau's public sector since 1981. Recently, investors from Taiwan have become very active, particularly through the Republic of China-Palau Cultural, Economic and Trade Interchange Association (RPCETIA). This organization, with offices in San Chung City, Taiwan, may have links to the Kuomintang, the influential and wealthy ruling party of Taiwan. The reputable *Far Eastern Economic Review* reported that Taiwan's goal is to regain its seat in the United Nations through diplomatic recognition from small member nations such as Belau. The Taiwanese have been courting Belau since self-government began in 1981, but with independence in 1994 Taiwanese

approaches have become aggressive. The ambitions of the RPCETIA are enormous given Belau's small land mass and population. The association's brochures in both English and Chinese show huge areas of land in central Babeldaob (Belau's large island of some 145 square miles) for new, large-scale commercial, administrative, residential, cultural and educational, and golf course development. The China Development Company, which is building a large hotel in Koror, and the Far Eastern Air Transport Company, which is shuttling tourists to and from Belau, are both directly connected to the Kuomintang (*Pacific Daily News*, 16 Nov 1995, 4).

In August 1995, the RPCETIA signed a lease with Charles Obichang, governor of Airai, providing a large amount of land north of Belau's airport for fifty years with an option to renew the lease for another fifty years. Known as the Rainbow Project, the arrangement has precipitated heated controversy in Belau because of conflicting claims on the land, and sales activity in Taiwan offering homes, residency, and citizenship in Belau. Criticism from the national congress prompted an investigation by Belau's special prosecutor, who determined that President Nakamura's cabinet minister George Ngirarsaol was innocent of any wrongdoing regarding the Rainbow Project. According to Belau's *Tia Belau* newspaper, the construction equipment linked to the Rainbow Project has been released from impoundment, and RPCETIA leader Gino Chen claimed that 600 not-yet-built houses in Belau have been sold to Taiwanese. Chen also claims that the entire project will

cost some \$70 million, with completion scheduled for late 1997. Although Chen is attempting to relocate the project from Airai to Ngiwal State, an influential Airai chief has filed suit in the Belau Supreme Court claiming the land lease is illegal.

This particular case is reminiscent of the IPSECO power plant scandal of ten years ago, and highlights the difficulty of doing foreign investment business in Belau, when clear title to land is not available and individuals seek to subvert laws, regulations, and traditional authority.

The Compact capital improvement funds have generated considerable activity in the public sector, with some 45 infrastructure projects costing over \$50 million in various stages of completion. The biggest such project, now in the design stage, is the Babeldaob road, which the United States agreed to build as part of the Compact agreement. The road is estimated to have a final price tag of some \$149 million and will circle the large island. The US Army Corps of Engineers will manage the project. The Palau Resource Institute, an indigenous organization, has been contracted for its expertise in carrying out social impact studies.

The Compact trust fund has generated an amazingly healthy 21.3 percent return on investments, growing from \$66 million to \$88 million in fourteen months. This aspect of the Compact will serve Belau well for the long term.

In the private sector, tourism numbers continue their steady increase, and projections indicate annual arrivals will reach 150,000 in a decade. Japan Airlines made an inaugural flight to Belau late in 1995 and has signed an

agreement with the government concerning the establishment of a national airline.

Although the concept of ecotourism is current in Belau, the thirst for "finder's fees" associated with large-scale hotel development is attractive to local businessmen. Thus the Palasia, Hilton, and Outrigger schemes, which sooner or later will tax Koror's water, power, and sewer systems. These developments, and other smaller ones, have contributed to substantial increases in local revenues, which are projected to reach \$19 million by the end of the current fiscal year.

All this activity bodes well for President Nakamura and his supporters in the *Olbiil Era Kelulau* (national congress) as they face reelection in November. Given the president's slim 134-vote margin of victory over Toribiong in 1992, and the campaign enthusiasm being generated by the Palau Nationalist Party, Belau's fourth general election will be the most interesting and important contest in its fifteen years of self-government.

DONALD R SHUSTER

#### COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

The specter of labor unrest raised its head on Saipan during the year under review. Hawai'i Hotel Union Local Number Five has been actively attempting to organize hotel workers, who are mostly from the Philippines. In the face of heavy opposition from the business community and the legislature, the National Labor Relations Board has organized several union

votes. Only one major hotel (the Hafa Adai) has voted for the union. A small restaurant has also joined, and recent efforts seem to be directed at a few karaoki clubs. The major issue is whether or not the union can promise renewal of employment contracts for nonresident workers when their employment contracts expire, when qualified local workers are available. The focus on nonresident workers is a source of some concern, given the demographics of the commonwealth and union action. The union has polarized some parts of the community against the foreign workers.

Over the past several years there have been serious allegations of labor abuse in the Northern Marianas, some of which have been confirmed. The allegations have caused serious reactions in Washington and Manila. Last year the Manila government banned the movement to the Marianas of women in "vulnerable" categories (housemaids, waitresses, entertainers, and the like). Although that ban was lifted in May after negotiations between the commonwealth governor and Manila officials, it has become much more difficult to hire Philippine citizens, who now outnumber all other ethnic groups in the Northern Marianas.

Casinos have finally made their presence felt on Tinian. None of the original five casinos authorized by a popular vote in 1989 eventuated. In 1994 a small group called Lone Star opened a storefront gambling establishment. It was not successful in attracting enough gamblers, and over the Christmas holidays of 1995 abandoned its personnel and equipment. In

the meantime, a major Chinese enterprise, Hong Kong Investment (Overseas) Limited, succeeded in getting a license. Construction began in July for an eventual five-hundred-room casino hotel to be built in two stages. Six hundred to one thousand construction workers will be working on Tinian for the first phase, which will last approximately one year. Arrangements are being made to station two large hydrofoil boats on Saipan to ferry clients to Tinian from Saipan and Guam. A second license was granted to local citizen Antonio Guerrero, who hopes to get construction under way before the end of 1996. He is also planning a five-hundred-room complex.

The whole issue of land alienation took on a new twist during 1995-96. In previous years a battle raged over the leasing of private land in alleged violation of various parts of Article 12 of the constitution. More recently the issue has been the leasing of public land for commercial purposes. Garment magnate Willy Tan signed a lease with Governor Froilan Tenorio for a piece of prime land to build a first-class shopping mall with multiplex movie theaters. Construction has been held up because of a civil action against the governor by a few citizens, who charge that the lease price is well below market value and that the governor was violating his fiduciary duty as custodian of the people's (public) land. There has been no resolution so far, but investors are now as leery of leasing public land as they earlier were about private land.

Another issue that reached a climax in 1995-96 was that of the minimum wage. As a result of federal and other

pressures, Public Law 8-20 was passed to raise the minimum wage for all categories of workers except houseworkers and farmers and fishers by thirty cents per hour per year until it reached the federal level. In December 1995 the garment and construction industries moved to block that annual increase. A panel headed by an employee of one of the garment enterprises was appointed to "study" the impact of the increase. Tempers were hot and heavy as the industries attempted to discredit community groups, including the Saipan Chamber of Commerce, and the Hotel Association, which favored the increase. The end result was a bill that raised the wages thirty cents per hour on a one-time basis for all but the garment and construction industries. Workers in those industries would get two fifteen-cents-per-hour raises over the next year. The governor then hired the prestigious Hay Group to do a professional wage study and make recommendations for legislation. The federal Department of the Interior was not pleased and attempted to get Congress to federalize the minimum wage as part of the PL 8-20 process. Congress failed to act on that measure, and it is presumed that nothing will happen until next year when the new Congress takes office.

An attempt to restore the status quo at the local level also failed, when Vice President of the Senate Paul Manglona used a brief stint as acting governor (in the absence the governor, lieutenant governor, and senate president) to veto the new legislation and declare PL 8-20 restored. He also signed into law a bill opening the way for a fiber-optic communications cable between the

Northern Marianas and Guam, legislation vehemently opposed by the governor. On his return, Governor Tenorio claimed that he had already signed the new wage bill into law, and that the veto was moot. Senator Manglona has sued the governor, and the case is still in court.

Delegates to the Third Constitutional Convention were elected in early 1995, and the convention concluded its work in October. This convention was different from both previous ones in that it proposed a complete rewrite of the whole constitution. At the referendum in March 1996, the people were faced with 19 ballot questions (one for each proposed new article) encompassing more than 180 line-item amendments. It was all or nothing on each ballot. Needless to say, all 19 proposals were rejected, nullifying all of the work of the convention, good and not so good. This left in place the original constitution as amended in 1986.

One of the most disheartening developments during the year in review was an increase in violent crime. By the end of 1995 there had been ten murders, only three of which have been solved. Most of the murders involved third-country nationals, and there is suspicion that they were the acts of either local juveniles (as in the case of a Bangladeshi security guard beaten to death), or organized Chinese crime gangs (Tongs). Armed crime is on the increase, and several arrests were made of Chinese who were beating up on their own. Many of those arrested were residing in the Northern Marianas illegally. A commonwealth law enforcement task force has been formed to work on these issues,

especially where illicit drugs are involved.

In an attempt to reduce reliance on nonresidents, legislation was passed banning employment of nonresident government workers. It resulted in massive reductions in the numbers of skilled workers, particularly in the hospitals and in education. Many of the teachers had held positions in Saipan for over ten years. Some of the workers are protesting in court, claiming discrimination. A group of about seventy mostly Filipino teachers had won a wage-discrimination lawsuit against the school system the previous year, and they are claiming that the nonrenewal of their contracts is in retribution. As a way around the law, some enterprising local businessmen have formed personnel agencies that hire nonresident workers. These companies then contract with the government to supply nursing and other skilled services.

The issue of immigration control was raised again during the year. Governor Tenorio expressed particular concern about increased numbers of migrants from the Micronesian states freely associated with the United States. Some four thousand citizens of these places, mainly from Chuuk, have come to Saipan. According to the government, the resultant demand for social services at the hospital and in the schools has caused a serious drain on local resources, which has not been adequately offset by federal "compact impact funding." Pending resolution of this issue, the governor is talking of charging students from the freely associated states a special fee to attend public school in the commonwealth.

Congressional visits were a feature of the early part of 1996. In March, Senators Murkowski (Alaska) and Akaka (Hawai'i) spent several days touring the commonwealth. They visited a garment factory, which was later described in oversight hearings as a "sweatshop" with totally unacceptable working conditions. Shortly after, at the invitation of Governor Tenorio, several key staffers of House Majority Leader Dick Armey visited to get some first-hand exposure. Representative Elton Gallegly, who was not informed about the visit, was incensed. Gallegly chairs the House Subcommittee on Native American and Insular Affairs, which has oversight responsibility for the insular areas, and has long been a critic of the Northern Marianas' immigration and minimum-wage policies.

Oversight hearings were held on 26 June in both Senate and House subcommittees. The commonwealth was allowed very limited time on the floor, and significant congressional action appears unlikely this year, including on the establishment of a nonvoting delegate position for the Northern Marianas. This initiative is supported by Gallegly, but strongly opposed by Governor Tenorio.

Perhaps the most significant events of the year were the early gubernatorial declarations for election in November 1997. In December, Tenorio, citing personal reasons, announced that he would not run for a second term as governor. But after Lieutenant Governor Jesus Borja announced his candidacy, Tenorio reversed himself and in May 1996 announced his intention to run. This left Borja hanging. The Democratic

Central Committee declared in favor of Borja, but Tenorio is fast adopting a high-profile campaign stance. On the other side, Republicans and former governors Pedro P Tenorio and Lorenzo I Guerrero declared their candidacies. Washington Representative Juan Babauta initially announced his candidacy, but withdrew a couple of months later. The campaign season is already launched and the campaign promises to be interesting and ardent.

The good news was that a new resort opened on Rota, and the new port on Saipan is already partly operational. Tourism is up to more than 600,000 visitors a year. Japanese still account for the largest number of visitors, but Korean numbers are growing fast, and there is a concerted effort to attract tourists from mainland China. Road construction continues, and the economy seems to be recovering from the depression that followed the amendments to the previous tax law that was driving businesses out of the area.

Disputes involving the estate of DHL founder and business tycoon Larry Hillblom attracted much attention in 1995–96. Hillblom disappeared in March 1995 while flying his fifty-year old amphibian airplane over the northern islands of the Marianas. The bodies of two of the plane's passengers, the pilot, and Legislative Vice Speaker Jesus Mafnas, were found in the ocean several days later. Hillblom's body was never found, but a local court declared him officially dead.

Hillblom's estate, valued at between \$450 million and \$1 billion, includes

holdings in United Micronesia Development Association (including Continental Micronesia Airlines), various overseas branches of the international courier company DHL, a bank, hotel interests, a resort in Vietnam, as well as property in the Philippines, France, and elsewhere. Because there was no current will, a probate court has taken on the responsibility of determining the division of the estate. Claimants include several children who claim Hillblom paternity; two young women who claim common law spouse status; two members of the Saudi royal family who claim the deceased promised them a part of his fortune; the University of California hospital, which claims Hillblom promised money for a medical research center after treatment following an earlier plane crash; and numerous business associates seeking various types of compensation.

SAMUEL F MCPHETRES

## GUAM

The accomplishments and activities of Guam's governor, its member of congress, the controversial land trust issue, and the territory's quest for commonwealth status, were the major events on Guam during 1995–96.

In January, Governor Carl Gutierrez awarded his administration an A-plus for its first year's performance evaluation. He identified his two goals for 1996 as completing the strategic plan for implementing his Vision 2001 concept announced in November, and growing the economy. Vision 2001 requires specific action plans to

improve the island's health care, education, infrastructure, public safety, housing, and work force, and also places emphasis on community and cultural values. This comprehensive five-year plan, the territory's first, will be the chief means for improving Guam's quality of life as the island enters the twenty-first century. Efforts to achieve economic growth include privatizing some of Guam's government services, and expanding tourism.

Gutierrez made progress in reducing government expenditures, improving executive-branch efficiency, and getting movement on a planning vision. However, he and the Guam Legislature butted heads with the Chamoru Nation, one of three indigenous nationalist groups, concerning the rules for returning land to residents of Chamorro (also Chamoru) ancestry. The Chamorro Land Trust Act was passed in 1975, but lay unimplemented for nearly twenty years until political activist and cofounder of the Chamoru Nation Angel Santos decided to activate it via a court suit. In order to implement the Act, the legislature and governor wrote three bills that had opposing views of the land trust concept. To focus attention on the plight of landless Chamorros, on 7 June the Chamoru Nation set up a protest encampment on the parade grounds of the governor's office and stated that the group would protest until the land trust act was implemented (via amendments providing rules and regulations). Early in the protest, dressed in loin-cloths with shell adornments, the leaders paid a surprise visit to Governor Gutierrez, who agreed to write to the legislature about the pending land

bills. He also agreed to work with the Nation in helping indigenous people, and suggested the protesters "Go sleep at the Legislature until they pass the bill" (*Pacific Daily News*, 11 July 1995, 3). Prior to the visit, the governor had submitted a bill to the legislature outlining rules and regulations for the land trust.

Angel Santos, now a senator, authored some of the implementing legislation and called for a public hearing on it at the encampment site. Some weeks after the hearing, the encampment site was declared a health hazard by Guam public health officials, and the supervisor of the governor's complex ordered the Chamoru Nation to break camp and leave the parade grounds. The protesters responded by serving eviction notices to non-Chamorros occupying government land. The governor then agreed to delay eviction of the protesters and asked the vice speaker of the legislature to speed up consideration of the land trust enabling legislation. However, on 1 September the protesters received a court summons, which they decided to ignore. Ten days later, the legislature began three days of debate and discussion on the final language of the three land trust bills. The protesters assembled at the legislature hall and after listening to some of the debate began pounding on doors and windows, blowing conch-shell horns, and chanting "Chamorro power," disturbing the debate. On two occasions, Senator Santos left the session hall to request that the protesters stop interrupting debate, and one senator claimed protesters threatened to take his life if he did not vote in favor of the



land legislation (*Pacific Daily News*, 13 Sept 1995, 5). During the third day of debate, the senators passed the bill establishing the amended rules and regulations for land applications, and a bill transferring 4336 lots from the abolished Land for the Landless program to the Chamorro Land Trust program, enlarging the amount of land in the trust. The bill introduced by the governor, changing some of the land trust arrangements, was defeated. With a unanimous supporting vote by the senators on the two land trust bills, anger was transformed to elation.

Later the same day, the legislation moved to the governor's office, where he signed the rules and regulations bill into law, but stated he needed a day to review the land transfer bill because of the many land lot numbers involved. This delay, although short, caused the protesters' mood to turn sour again. They pushed their way into the governor's office, where some angry words were exchanged. The confrontation overflowed into the parking lot, where security staff and police officers had to physically restrain the protesting crowd. The next day, with tempers cool, Governor Gutierrez signed the land transfer bill into law, and soon after the Chamoru Nation began breaking camp and clearing the parade grounds. Although democratic practices came under some stress, the 71-day protest ended in success. The Chamorro Land Trust Commission could begin accepting applications for land lots at \$1 per year for 99 years, and landless Chamorros would be given preference.

The Republic of Guahan emerged during 1995 as Guam's third indige-

nous movement (the Organization of People for Indigenous Rights, OPIR, being the oldest of the three). The new small group, while desiring to retain US citizenship, declared its independence, wrote a constitution, and created a decision-making organization. In an open letter of 14 August, Mike deCastro, the group's minister of finance, called for the abolition of the Commission on Self-Determination and the Guam Finance Commission, and for Governor Gutierrez to resign and let the republic and its president, Norbert Perez, take over political control of Guam. This call was not heeded, and the movement has generated little support.

Governor Gutierrez began a number of initiatives to maximize the economic benefits of base closures on Guam, encouraged placement of essential government information online, and established the Guam Crime Commission for the purpose of waging war on crystal methamphetamine, also known as "ice." During the year, he went public in strong opposition to nuclear testing by the French at Moruroa. Gutierrez urged President Clinton to extent Guam most-favored-community status, which would delay the shutdown of naval base activity until 1999. The governor's suggestion that contributions to the Clinton-Gore reelection campaign would assure such treatment generated some criticism locally. The governor has also been taken to task over his suit against the elected Board of Education, in which he claims the 1950 Organic Act provides his office sole authority for the supervision and control of education, and thus supersedes a 1993 law estab-

lishing the elected board, a law that he and his lieutenant governor, Madeleine Bordallo, had cosponsored when members of the Guam Legislature. This situation has led to some confusion in the huge Department of Education.

Throughout the period under review, residents of Guam have paid higher water, sewer, and electric power bills, yet these essential services have declined in quality. The governor and the legislature have responded by providing funds for improvement and expansion of this infrastructure. Another significant problem for elected leadership is the financial crisis at the Guam Memorial Hospital. This government-run institution remains unaccredited and apparently unable to dig itself out of the red, with some \$20 million owed by former patients, \$17 million owed by health insurance organizations, and \$24 million owed by the hospital to various vendors for supplies and equipment.

Governor Gutierrez realized some limited success in external relations. In January he sponsored a meeting of ten regional chief executives. This historic initiative brought together presidents and governors from the Federated States of Micronesia, Nauru, Kiribati, Belau, the Republic of the Marshall Islands, and the Commonwealth of the Northern Mariana Islands. These leaders identified a number of urgent social and economic issues that had regional implications, and agreed to formalize their relationship through a Council of Micronesian Chief Executives. The group met a second time in Hawai'i in April, to sign a founding charter and to confirm unified support for Guam in its attempts to gain relief from an

annual 10 percent shipping-fee increase, and for the territory's push for reimbursement from the federal government for the costs of supporting migrants to Guam from the freely associated states. It is estimated that about eight thousand individuals from the surrounding states have come to Guam since 1986, the year the Compacts of Free Association came into force.

The other external affair of import is Guam's future political status. Governor Gutierrez serves as chairman of the Commission on Self-Determination, which for nearly ten years has been negotiating a new commonwealth status with the US federal government. This effort has spanned the administrations of governors Paul Calvo, Ricardo Bordallo, and Joseph Ada, and is now into the Gutierrez term.

During the period under review, there was a great deal of solid talk but not a great deal of progress toward completing a draft agreement between Guam and the Clinton administration. The US side went through three negotiators in six months, until Deputy Secretary John Garamendi, of the US Department of Interior, accepted the position in January 1996. While a series of substantial discussions on all the hard issues took place soon after the appointment, it took another five months to get Garamendi to Guam. He stated that President Clinton "wants to get a commonwealth agreement done." Given limited progress lately on the thorny issues of the character of Chamorro self-determination, the extent of applicability of federal law under a new political relationship, and immigration control, it appears

that Washington's bureaucratic wheels, particularly those in the Justice and State Departments, have recently ground to a halt. Congressman Underwood noted that the timeline for delivery of a draft agreement to President Clinton has slipped, and, with the political season replacing the policy season in Washington, DC, the chance for further movement on these difficult issues until after the 1996 US elections appears small. Nevertheless, Representative Elton Gallegly, chair of the House Resources Committee, stated that his committee is ready to consider the commonwealth package as soon as it clears the administration. That pushes the status issue into 1997, just a year from the centennial of the American takeover of Guam.

Delegate Underwood's effort assisting Guam's Commission on Self-Determination was just one of many initiatives he pursued during 1995-96. Although the five territorial delegates lost their vote in the Committee-of-the-Whole of the House of Representatives with the 1995 change to a Republican-dominated majority, Underwood found new ways to accomplish his goals, one of which was to establish solid working relationships with the congressional leadership and President Clinton. Underwood's second method for selling Guam's needs was to find common ground with the new majority on various issues.

These approaches resulted in success on the issue of Compact impact aid to Guam. Underwood persuaded both the House Appropriations Committee and the Resources Committee that the impact aid was a federal obligation, arguing the distinction between

impact from illegal immigration as opposed to that from legal migration, as has occurred under the Compacts of Free Association. Securing the funds involved a floor fight, and Underwood got the impact aid funds restored after they had been cut. He gained key support from Senator Akaka in moving the impact aid legislation through the Senate, getting it annually for six years, and, with the help of Alaska Senator Murkowski, persuaded the House-Senate conference committee that impact aid was a federal obligation that could not be ignored. With the momentum going his way, Underwood next gained the support of the Clinton administration. Through these efforts, the congressman secured for Guam \$4.58 million for each year, 1996-2001.

Guam's delegate took a very strong stand in opposition to the English-only legislation in Congress. His public statements were particularly powerful, combining his considerable expertise in bilingual education, keen insight, and humor. His point of view gained considerable respect, being broadcast over CNBC and CNN, and appearing in the *Los Angeles Times*, *New York Times*, and *Chicago Times*. The absurdity of the legislation becomes clear in its punitive aspect, which would allow citizens to sue over the use of languages other than English.

Citizens of Taiwan and South Korea have been extended visa waiver privileges for tourist visits to Guam, and Congressman Underwood has worked hard to obtain approval of a draft pilot Guam-only visa waiver program for visitors from the Philippines. While the program may not significantly increase

tourist numbers, it will, when approved by the Immigration and Naturalization Service, allow families to get together on important occasions. Given Guam's sizable population with roots in the Philippines, this program will be important.

Locally, Underwood has worked closely with Governor Gutierrez to lessen the economic impact of base closures. In amendments to this year's \$265 billion defense authorization act, Underwood obtained funding for a study to determine if a veterans wing should be added to the Guam Naval Hospital. The act also designates Guam's Apra Harbor a US port that military ships could enter for nonemergency repairs, extends commissary and exchange benefits for Guam veterans, and allocates \$1.3 million for an environmental baseline study of 3 200 acres of military land. In addition, the legislation calls for a clearly defined role for the Guam Air National Guard as part of the US Air Force presence in the western Pacific, and reconfirms the obligation of the US Navy to upgrade the Piti Power Plant before handing it over to Guam's civilian power authority. Further, in a meeting with President Clinton, Delegate Underwood called on the administration to give Guam "most favored base closing treatment" as a means of lessening the economic impact of the closings.

In international issues, Underwood was in the forefront of a call to boycott French President Jacques Chirac's appearance before a joint session of Congress because of French nuclear device testing at Moruroa in French Polynesia. Underwood was also highly critical of the US mission to the United

Nations for its attempts to abolish the United Nations decolonization committee, and of the mission's maneuverings to alter committee resolutions benefiting Guam. He was alarmed that the US mission attempted to modify safeguards regarding indigenous property rights and sought to remove mention of the Chamorro right of self-determination in committee resolutions.

The United States federal government controls over 30 percent of Guam's total land area of 220 square miles, and much of that land is unused. Congressman Underwood, working with Governor Gutierrez, made progress during his first term in getting some of the excess land returned. During the period under review, Underwood succeeded in getting 90 acres of Guam port land exempted from a federal law requiring the sharing of profits that may accrue from development. Working with Senator Murkowski in May and June, Underwood introduced legislation calling for the release of excess federal land to the Government of Guam rather than to other federal agencies such as the Fish and Wildlife Service. Underwood, Murkowski, and Gutierrez were highly critical of attempts by federal agencies—termed "alien predators"—to gobble up excess federal land before the local government could get it. This is a supreme example of the critical need to relocate the locus of political power from Washington, DC, to Guam—Underwood's fundamental mission.

In May and June, multicolored campaign billboards began popping up along Guam's main roads and intersections. Some fifty-four candidates will

vie for the twenty-one seats of the Guam Legislature through a September primary and November general election. The voters will also consider four proposals that have reached the ballot through popular initiative. The first asks the electorate if it desires to allow a casino gambling control act that would, among other things, legalize casino gambling. Legalized gambling has been a very controversial issue on Guam and has met with very strong opposition among the Catholic community.

Two of the three other proposals will ask voters to consider changing the basic structure of the Guam Legislature: reducing the number of its seats from twenty-one to fifteen, staggering its terms, lengthening terms from two to four years, and limiting terms to no more than three complete successive four-year terms. The fourth proposal will ask voters if they wish to limit the annual budgetary ceiling of the legislature so as not to exceed 2.5 percent of the total government of Guam revenue projections for the same fiscal year. Given the past year's events, Guam will continue to enjoy interesting political times.

DONALD R SHUSTER

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## KIRIBATI

Following the defeat of a motion of confidence in May 1994, the national legislative body, the *Maneaba ni Maungatabu*, was dissolved prior to normally scheduled elections. New elections were called for 22–29 July 1994. Between this dissolution of the *Maneaba* and the elections, Kiribati was governed by an interim Council of State made up of the Speaker of the old *Maneaba*, the Chief Justice, and the Chair of the Public Service Commission.

The national election saw the previous opposition party, the *Maneaban te Mauri* (Christian Democratic Party), winning 13 of 37 seats, compared with only 8 seats for the previous governing party, the National Progressive Party. Popular support of *Maneaban te Mauri* was reinforced on 30 September 1994 with the election of its presidential candidate, Teburoro Tito. The new president defeated three other rivals with 10,834 votes or 51.1 percent of those cast. This result was particularly significant because the National Progressive Party had effectively been in power since the country became independent from the United Kingdom in 1979.

Since taking office for a four-year term, the new government has initiated a special inquiry into the misuse of government travel allowances by members of the previous government. It has also encouraged the idea of constitutional reform, and appointed a Constitutional Review Committee for this purpose.

Overseas, the new government has moved to seek compensation from

Japan for the damage suffered during the Japanese occupation of 1942–43, and in particular the massacre of Kiribati workers at the Banaba Island phosphate mine. Betio, South Tarawa, was also the site of the war's bloodiest fighting when on 21 November 1943 the US marines landed to retake the islands.

More recently, Kiribati joined the newly formed Council of Chief Executives of the Micronesian Region. The sixteen-member council is intended to improve cooperation in environmental issues, fishing rights, and trade. Kiribati has established diplomatic relations with the Republic of Palau, bringing to thirty-four the number of countries with which it has formal links. It also established relations with the Vatican, but suspended relations with France over the resumption of nuclear testing at Moruroa Atoll.

In terms of domestic development, President (or *Beretitenti*) Tito has adopted a policy of improving the living standards of the I-Kiribati people while reducing Kiribati's traditional dependence on foreign aid. He has promoted the concept of community as opposed to government ownership and has sought wider ownership participation in any potential privatization of state-owned enterprises.

Prior to the election of the new government, Kiribati had adopted a fairly consistent approach to fiscal policy. The planners used the government's modest revenue sources to cover the budget's recurrent expenditures (salaries and the like), but sought foreign aid funds for most capital works investment. The new government has sought to change this tradition. First,

it has greatly expanded the budget's size and scope of activities. Whereas national budgets have previously stood somewhere in the A\$20 millions (expenditures of roughly A\$25.8 million in 1992, A\$26.5 million in 1993, and A\$30.9 million in 1994), the expenditure for 1995 was up sharply at A\$48.1 million, and 1996 was at a similar level. This increase was partly a function of higher public servant salaries and greater infrastructure investment.

These increased expenditures were met to some extent through greater drawdowns from the earnings of the Revenue Equalisation Reserve Fund, which was established in 1956 for investing Kiribati's phosphate royalties, so that when the mineral resources were exhausted, the country would retain a source of foreign exchange to balance the budget. The reserve fund, invested roughly fifty-fifty in foreign equities and foreign debt securities, and managed mainly by HSBC Asset Management, was worth some A\$360 million in 1996. While the capital is considerable, particularly given the traditional size of the government budget, the goal is to limit any drawdowns so that the fund's assets can continue to grow in real per capita terms. The intent is also to retain sufficient funds to cover Kiribati's imports over a six-year period.

This policy is important because Kiribati has experienced relatively rapid population growth, until recently up to 2.2 percent. A concentration of urban migration into South Tarawa is placing considerable pressure on what is already, by Pacific standards, a high density population area—1600 per-

sons per square kilometer. To further offset this urban migration, the government has introduced an outer island development program, designed to enhance the living conditions and economic opportunities outside South Tarawa. In particular, despite Kiribati's export-sector dependence on copra and fish, some attempts have been made at diversification, with seaweed, bêche-de-mer, aquarium fish, and live restaurant fish, among some of the more promising exports. They are particularly attractive because they offer employment opportunities in the outer islands.

The government is also hoping for further diversification through its August 1995 announcement that it will sell Kiribati passports to overseas investors wishing to establish businesses on Kanton Island in the Phoenix Group. Prospective investors would need to pay US\$10,000 for a two-year investor's passport. The scheme was expected to attract investors from Hong Kong, Taiwan, and China, and an officer was appointed to market the concept as well as screen initial applicants in Hong Kong.

These and other efforts will be reflected in the government's new economic program, the National Development Strategy, 1996 to 1999, which is expected to be released later in 1996.

MICHAEL SKULLY

## REPUBLIC OF THE MARSHALL ISLANDS

The year 1995-96 was eventful, with national elections, government efforts to come to terms with shrinking Compact funds, and an expanded missile-testing program at Kwajalein. Nuclear issues continued to be a major concern of the nation, as were public and private development efforts. The Marshalls also continued to expand international diplomatic and economic ties.

The 1996 budget was one of the biggest issues facing the *Nitijela* (parliament) when the final session for 1995 was convened on 14 August. Finance Minister Rueben Zackhras presented a \$91.2 million proposal calling for a twelve percent (\$5.7 million) cut in operating expenses, and a \$1.7 million increase in income through measures such as raising import duties, adding a ten percent tax to rental housing income, and charging filing fees for political candidates. The savings would be realized through cuts in hours for government employees, a hiring freeze and early retirements, reduced session and cost-of-living allowances for senators and ambassadors, and reductions in subsidies for food, transport, and utilities. The budget allocated \$24.8 million (27 percent) for debt service, and anticipated \$12.8 million in US grants (beyond the specified Compact funds), as well as \$3.3 million in Asian Development Bank (ADB) loans (*MJ* 26[35]).

The government's proposals were closely monitored by aid donors. The Asian Development Bank, which has given the Marshalls a total of about

\$40 million in loans and technical aid through 1995, sent a four-member Policy Advisory Team to guide the government's decisions and organized a December meeting in Manila between delegations from the Marshall Islands and the Federated States of Micronesia, and representatives of the major donors. Donors stressed the need to cut the size of the public sector, expressed concern that wage levels were too high, questioned subsidies for operations such as the national airlines, and were critical of the private sector investment climate. The government plan was received favorably by the donors, who encouraged planning on the assumption that the Compact might not be renewed in 2001, or would at least involve a massive reduction in US funding, currently valued at about \$100 million per year (*MIJ* 26[35, 50]; 27[12]). President Kabua, however, in an interview reported in *Islands Business*, expressed his belief in a continuing US interest in the Kwajalein missile range, saying "There is no such thing as this Compact finally ending" (*MIJ* 27 [3]: 6).

Despite government and donor rhetoric about looking to the private sector for economic growth, representatives of the private sector expressed doubt about how this might be accomplished. A special task force was assembled to try to intervene in the policy process. Meeting in December with President Kabua and other officials, they advocated uniform enforcement of existing taxes, and using more rigorous customs duties collections instead of tax increases to increase government revenues. Kabua discussed government efforts to cut expendi-

tures. He identified shipping, public works, and the new government-funded hotel under construction as targets for privatization. The Chamber of Commerce raised the taxation issue with the ADB Board of Directors at a March meeting in Majuro, pointing to an apparent contradiction between efforts to increase tourism and ADB-supported tax increases, and complained that the business community was not consulted on major decisions affecting the private sector. An editorial in the *Marshall Islands Journal* (27[12]) pointed out that all members of the bank's board were government officials, and expressed skepticism that their actions would benefit the private sector. ADB team leader Daniel Besson responded that taxes in the Marshalls were generally low and needed to be put to better use. He asserted that the government was "not really private sector minded" and that the ADB is encouraging it to be "more friendly to the private sector" (*MIJ* 27 [12]: 3).

National elections for the *Nitijela* and local government offices were held in November. In contrast to the conflict, accusations, and occasional violence that marred the last elections, the 1995 campaign was peaceful, returning 25 of 33 incumbents to the *Nitijela*, including President Kabua and 8 out of 10 members of his cabinet. Former Ambassador to the United States Wilfred Kendall resigned his post and ran successfully for election from Majuro. Three losing incumbents challenged the results, first in petitions to the Chief Electoral Officer, then in appeals to the High Court when their petitions were denied on the basis that a recount would not materially change



the results. The *Nitijela* opened its session with the contested seats vacant and rejected resolutions to seat the apparent winners, with one exception due to a clear margin of victory. The High Court rejected the plaintiffs' petitions in March, and the winners were seated.

The new session of the *Nitijela* opened on 2 January, reelecting Speaker Kessai Note, Vice Speaker Litokwa Tomeing, and President Amata Kabua. They soon faced the need to revamp the fiscal year 1996 appropriations act, because of a failure of domestic revenues to achieve anticipated levels by a margin of \$5 million. The revised budget of \$90.9 million, passed before the March recess, closed the Ministry of Social Services, transferring its staff to other ministries. Other ministries had their budgets cut 3 percent, workers earning over \$10,400 annually had their salaries cut 5 percent, and all current job vacancies were canceled. Consulates in Hawai'i and California were scheduled for closure. Subsidies were cut to the copra processing plant (30 percent), Air Marshall Islands (10 percent), and the Ebeye power plant (11 percent). Import duties, except those on staple foods, were raised (*MIJ* 27[9]; 27[11]). The revised budget, which anticipated close to \$4 million from higher-than-expected passport sales, was threatened once again by the June announcement that sales had been suspended. Foreign Minister Phillip Muller said the action was taken in response to distorted and inaccurate representations of the program, and in order to protect good relations with the United States (*MIJ* 27 [25]).

In other restructuring moves, President Kabua picked up the portfolio for Minister of Justice and discussed the privatization of the Ministry of Transportation. He created two additional new Cabinet positions, appointing Senator Imata Kabua as minister for Ralik and Vice-Speaker Litokwa Tomeing as minister for Ratak (the western and eastern island chains), in what was widely believed to be a move aimed at preparing them as his potential successors to the presidency.

The judiciary saw a major rollover with the resignations of Supreme Court Chief Justice Clinton Ashford in February and that of High Court Acting Chief Justice Witten Phillippo, the first and only Marshallese to sit on the High Court, in March, both after seven years on the bench. Ashford's resignation followed the drafting, but preceded the introduction, of a *Nitijela* resolution calling for his resignation. Former High Court Justice Allen Fields was nominated by the Judicial Service Commission as his replacement and was appointed by the Cabinet in June. He awaits *Nitijela* confirmation in August. Phillippo said he was leaving the bench for personal reasons and taking up private practice (*MIJ* 27[9], 27[16], 27[24]).

Questions about the ability of the government to provide health care and pensions, and the adequacy of financial and project management in various divisions, were raised in the spring during a conflict between the Marshall Islands Social Security Administration (MISSA) and the Kwajalein Atoll Development Authority (KADA). The dispute concerned payment of \$0.5 million in back taxes owed by KADA, and negoti-

ations for a \$2 million loan from MISSA to KADA. MISSA attorney Carl Ingram filed suit in March against KADA for payment of back taxes (*MIJ* 27[14]). KADA Chairman Imata Kabua raised questions about the legality of Ingram's work for MISSA under a law limiting the ability of government agencies to hire independent counsel. Other KADA officials charged that Ingram's actions were unethical and selfishly motivated and accused him of complicity in mismanagement of MISSA funds, providing the *Marshall Islands Journal* with a letter from the MISSA consulting actuary stating that the health fund was in "danger of financial collapse" (*MIJ* 27 [20]: 10). Under what Ingram charged was unconstitutional pressure on Attorney General Gerald Zackios, Ingram's authorization to represent MISSA and the National Telecommunications Authority was revoked.

At the same time KADA and MISSA were negotiating a loan to cover cost overruns in the construction of a new hospital on Ebeye. In a letter to the journal, Ingram accused Minister for Health and Environment Tom Kijiner of conducting these negotiations without the knowledge of the Social Security Board, going instead to the Cabinet for approval. He pointed out that the minister had used similar tactics when he used social security funds to purchase apartments in Honolulu without board approval in 1994 (*MIJ* 27[21]). Ingram said he had, at President Kabua's request, written a report documenting the board's concerns with the KADA loan proposal, including the failure to pay social security and income taxes, failure to pay contrac-

tors, and serious mismanagement of US grant funds for construction of the Ebeye hospital and a causeway.

Actuary David Bencivenga's letter noted that the Social Security Health Fund's cash resource had declined from \$3 million three years ago to a current balance of under \$1 million, that disbursements of over \$1.4 million were recorded for the first quarter of 1996, and that the total of outstanding debts was unknown. He attributed the problems to inappropriate off-island referrals for medical care (one "political referral" alone cost \$400,000), insufficient diligence in approving loans and investments (including the \$2.4 million purchase of apartment buildings in Honolulu), uncontrolled increases in administrative expenses and payroll, and unauthorized or unsupported expenditures on non-social security expenses. Administrator Joe Lanwi told the *Marshall Islands Journal* that authority for Social Security to control referrals and expenditures had been taken away two years before (*MIJ* 27[20]). Kuakini Hospital in Honolulu, the major provider of off-island health services, gave notice of its intention to cancel its contract with MISSA because of medical referrals that violated contract guidelines, which limited MISSA liability to \$100,000. This forced the hospital to absorb excess costs (*MIJ* 27[21]).

In reply Kijiner asserted that the actuary had become nervous when his forecasts turned out to be inaccurate and sought to mislead the MISSA board and administrator. He reassured beneficiaries that Social Security was not in danger of bankruptcy, as noncash

equity holdings were adequate to cover any liabilities. He noted that Social Security manages two separate funds, and that the Retirement Fund was sound, while the threats to the health fund came from areas of forecasting and planning that were Bencivenga's responsibility. "If it is true that the budgeted annual revenue for FY95 was not enough to cover this fiscal year's health care benefits . . . why had the Actuary not been able to foresee the consequences? One can only conclude that the Actuary neglected his prime professional responsibilities" (*MIJ* 27 [25]: 14). He said, with respect to the charge of "political referrals," that the minister of health was properly involved in the referral process, with a responsibility to save lives. The Honolulu apartment purchase was made to save the cost of supporting patients and families in Honolulu. He contrasted MISSA consultants' negative interventions with the "constructive criticisms" of KADA by the US Office of Insular Affairs and said their obstruction had cost KADA, MISSA, and the government over \$300,000.

The KADA loan was finally approved in June following the resignation of the MISSA board chairman, due to "matters affecting the board that were beyond its control," according to the *Marshall Islands Journal*. The new chairman, Majuro businessman Grant Labaun, said the loan was approved "without influence from outside" (*MIJ* 27 [23]: 5). The loan reduced the possibility that the United States might terminate its grants to KADA and require the government to repay the several millions in funds already expended.

The United States, meanwhile, expanded testing activities at Kwajalein to include theater missile defense systems, leasing land on Aur Atoll for a missile launch site and announcing a 1996 program of fifteen major missions, the highest number since 1988 (*MIJ* 27[3]). NASA announced they would add a new \$14 million radar installation at the Kwajalein weather station to monitor tropical rainfall and global climate change (*MIJ* 27 [5]: 19). Any economic optimism generated by these developments was tempered by the claim of a local contractor that they were discriminated against in the awarding of Kwajalein contracts in violation of provisions of the Compact. Among other claims in a lawsuit filed in the High Court, local contractor PII claimed that a 1994 US law awarding US contractors a 20 percent preference over foreign contractors violated the nondiscrimination provisions of the Compact and the Status of Forces Agreement. Lawyers for the United States claimed the suit was barred by provisions of the Compact and the doctrine of sovereign immunity (*MIJ* 26[33], 26[49]).

Nuclear issues continued to play an important part in Marshall Islands–United States relations. Bikini Islanders celebrated the fiftieth anniversary of the first nuclear tests with a lavish celebration on Kili and signed an agreement with Robert Reimers Enterprises to promote tourism with scuba diving expeditions in the Bikini lagoon, while continuing to plan a clean-up of contaminated islands (*MIJ* 26[31], 27[10]). The US Department of Energy announced that, because of budget restrictions, rising costs, and a declin-

ing population of survivors, they would fly exposed Utrik and Rongelap people to Kwajalein instead of using ship-based medical care delivery. The proposal was protested by the government, and the Department of Energy later agreed to give the Marshall Islands more participation in the planning process (*MIJ* 27[7], 27[21]). Rongelap and Bikini leaders also objected to a planned September cut-off of food aid by the US Department of Agriculture, saying it would present a major obstacle to resettlement plans, because local foods were too radioactive for consumption. Congressmen they consulted seemed favorably disposed toward a five-year extension (*MIJ* 27[24]). Meanwhile, on the advice of US medical experts, seven additional cancers were added to the list of conditions eligible for compensation (*MIJ* 26[48], 27[12]). Marshallese officials argued further that evidence uncovered in the Clinton administration investigation of human radiation experimentation justified renegotiating the “177” compensation provisions of the Compact (*MIJ* 26[32], 26[38], 27[3]) based on the extent of health effects and the area contaminated, and charged the United States with continuing to cover up the full extent of nuclear experimentation on Marshallese (*MIJ* 26[30]).

The government continued to advance a controversial proposal to study the feasibility of using radiologically contaminated islands for nuclear waste storage facilities, gaining the endorsement of two US congressmen, Representative Don Young (R, Alaska) and Representative Elton Gallegly (R, California), who wrote to Energy Secretary Hazel O’Leary asking that the

administration change its position of nonsupport for the study. They called the US position unreasonable, given American “special responsibility to the people of the former Trust Territory,” saying that “we should do all we can to facilitate radiological rehabilitation of the islands and resettlement through sound nuclear disposal practices.”

The Marshall Islands Government referred to the past and continuing burdens incurred from the US nuclear testing program in objecting to the renewed French testing program at Moruroa (*MIJ* 26[34]). It continued to refuse to sign the South Pacific Nuclear Free Zone treaty, however, even after France, the United States, and Britain signed in March. Foreign Minister Phillip Muller protested that as the treaty prohibits transportation of nuclear waste in the region, it would “force us to live with nuclear waste. . . . We already have nuclear storage. As long as the current situation exists, we will continue to look at other avenues” for disposal (*MIJ* 27[13]: 8).

In the international arena, the government continued to strengthen ties with the People’s Republic of China with the completion of a new PRC embassy in Majuro, and the signing of a “most favored nation” trade agreement. Negotiations over operation of the joint-venture garment factory seemed to reach a standstill, with the Chinese asking for concessions on social security and income tax, health premiums, and training expenses. Foreign Minister Muller noted that were the government to exempt Chinese workers from these, they would have to extend the provision to other coun-

tries like the United States and Australia, and that the Marshalls could not guarantee duty-free access to the US market for Chinese products (*MIJ* 26[50], 27[14]). The People's Republic of China also appointed a new ambassador, Zhao Lianyi, who presented his credentials to President Kabua in June 1996 (*MIJ* 27[24]).

A number of other new faces appeared in the ambassadorial ranks. Banny Debrum, formerly a member of the staff in Washington, was appointed as the new ambassador to the United States (*MIJ* 27[4]), while Joan Plaisted, former director of Burmese and Thai affairs for the State Department in Washington, was nominated by President Clinton as the new US ambassador and presented her credentials in February. Australia's Peter Stanford was replaced by Perry Head in November (*MIJ* 26[46]). Belgium became the sixty-third country to establish diplomatic relations with the Marshall Islands in June at the United Nations in New York. Ambassador Alex Reyn discussed with Marshalls Ambassador Laurence N Edwards the Marshalls' intention to join the Lomé Convention, a trade and assistance treaty between countries of the European Union and former colonies (*MIJ* 27[23]). A former US ambassador also made the news: William Bodde was declared *persona non grata* by a *Nitijela* resolution for remarks he made to the House Subcommittee on Asian and Pacific Affairs. Bodde charged that the Marshalls were unable to manage their affairs, had developed a "welfare mentality and discounted the impact

of nuclear tests on the population" (*MIJ* 27[6]).

Japan continued to support construction and development projects. New facilities for Marshall Islands High School were opened, and construction began on a cultural and educational center for Delap. Japan also signed an agreement to construct new facilities on Ebeye as an extension of an outer island fisheries development project (*MIJ* 27[40]). Appeals of Mili people for compensation for World War Two atrocities were again rejected, however (*MIJ* 26[35]).

During 1995–96 the Marshall Islands made extensive preparations for hosting the 1996 meetings of the South Pacific Forum, the most visible being the construction of a \$10 million, 150-room hotel on the lagoon in Delap. It is hoped that the hotel will help to expand tourism. Outrigger Hotels of Hawai'i signed a management agreement for the hotel, explaining that this was a logical step in their planned expansion into the Pacific. A second major hotel and resort project, developed by a Korean consortium, is planned for the Ajeltake area of Majuro. Promoted by ex-Mili Senator Kejjo Bien, it will include more than a hundred rooms, shops, a pool, and a casino. The *Nitijela* passed a law legalizing and regulating gambling, after debate about its potential effects on families and crime (*MIJ* 27[3], 27[5], 27[11]). Bien also revealed somewhat ambitious plans to turn most of Mili Atoll into a resort (*MIJ* 27[15]).

In other news with implications for

tourism and development, major changes occurred in the management and operation of the national airline, Air Marshall Islands, following cuts in government subsidies. Tom Ryan from New Zealand replaced former manager Steve Fulk. The Majuro-Honolulu route was discontinued, and an agreement with Air Vanuatu was reached for weekly Fiji-Vanuatu service. Reductions in service to outer islands were also made in February, and efforts initiated to promote charters and weekend "getaway" trips to various outer islands.

Other economic developments included: the signing of a \$6 million ADB loan agreement for improvements to the Majuro water system; the Majuro electrical utility company's acceptance of a \$10 million bid by the German firm Duetz to add two generators with a 12 megawatt capacity; the completion of the Majuro drydock facilities; and the creation by Jaluit people of a nongovernment organization to promote development, which won New Zealand support for creating an icemaking facility to expand fish-marketing capability. The fisheries

training center gained its first placement of graduates on US tuna boats out of Hawai'i. The Marshall Islands took delivery of its first ADB-funded, New Zealand-built longliner, which was promptly deserted by two crews who claimed it was unsafe. The ship registry continued its successful growth, doubling registrations and tonnage to become the twelfth largest in tonnage worldwide. The National Telecommunications Authority also developed a plan to offer Internet services, pending an adequate number of subscribers.

Finally, on what must be a sad note for many, the US Peace Corps announced the suspension of its thirty-year-old program in the Marshall Islands effective 30 June 1996, the victim of congressional budget pressures and difficulties in volunteer recruitment and retention (*MIJ* 26 [47]: 9).

JIM HESS

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